

## **BUSINESS IMPACT STATEMENT**

### **BILL NO. 2009-23**

**(Updates the City's business license fee provisions to increase the gross sales license fee; include for certain license fee categories annual fee adjustments based on the Consumer Price Index and the City's growth rate; adjust license fees for certain alcoholic beverage licenses; and add provisions regarding the licensing and regulation of persons who rent or lease certain types of commercial property)**

This business impact statement was prepared pursuant to NRS 237.090 to address the impact of a proposed ordinance, Bill No. 2009-23, that will update the City's business license fee provisions to increase the gross sales license fee; include for certain license fee categories annual fee adjustments based on the Consumer Price Index and the City's growth rate; adjust license fees for certain alcoholic beverage licenses; and add provisions regarding the licensing and regulation of persons who rent or lease certain types of commercial property.

**1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their responses and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

A copy of the proposed ordinance and an invitation to respond were provided to the Las Vegas Chamber of Commerce (LVCC) and other interested parties. Comments were received from the LVCC, the Nevada Tavern Owners Association, the Greater Las Vegas Association of Realtors®, Red Rock Motorcycle Sales, Inc., Thomas & Mack Company, and on behalf of Bilbos Bar and Grill. A summary of those comments, which is available to interested persons as part of this business impact statement, is as follows:

- In the current state of the economy, adding new fees and increasing existing fees will be an unnecessary and ill-timed burden on the business community.
- Imposing a gross receipts tax on the renting or leasing of commercial space will be devastating to an already fragile market segment, is an arbitrary and unjust “tax,” and will result in “double taxation” of sorts.
- Imposing an annual fee increase based on CPI and growth is too extreme, unpredictable and potentially arbitrary; is in some respects “double-dipping”; will be difficult to challenge as to the determination of the increase each year; and unreasonably goes on in perpetuity, with no mechanism or plan for review or reevaluation.

**2. The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:**

**Adverse effects:**

- Increased license fees that are burdensome in difficult economic times.
- Additional burden of reporting transactions, when requested to do so, for certain persons engaged in the business of commercial rentals.

**Beneficial effects:**

- Increased cost recovery for licensing-related administrative and enforcement functions.
- Increased revenues by which the City can provide municipal services.

**Direct effects:**

- Increased license fees that are burdensome in difficult economic times.
- Increased cost recovery for licensing-related administrative and enforcement functions, and increased revenues by which the City can provide municipal services.

**Indirect effects:**

None noted

**3. The following constitutes a description of the methods the local government considered to reduce the impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used:**

After consideration of the objections raised, it was decided not to include in the ordinance the CPI increase for gross sales licenses. No methods to reduce the other impacts were used. The City's consideration of the remaining objections includes the following:

- Fee increases have not been implemented for some time and have not kept up with inflation and other growth-related factors. The City has a relatively limited number of options to increase its revenue, given that most of the City's revenue stream is in the control of others. The fee increases and adjustments retained in the ordinance are viewed as a reasonable means of updating the City's revenue base without creating an undue burden on licensees.
- Establishing a more specific licensing and fee category for those who lease or rent commercial property will help the City capture revenue that has gone uncaptured in the past because the category was not specifically called out by ordinance.

**4. The estimate of the annual cost to the local government for enforcement of the proposed rule is:**

Minimal additional cost

**5. If the proposed rule provides for a new fee or increases an existing fee, the total annual amount expected to be collected is:**

Approximately \$556,000

**6. If the proposed rule provides for a new fee or increases an existing fee, the money generated by the new fee or increase in existing fee will be used by the local government to:**

Offset costs of administration and enforcement of licensing provisions, and provide general revenues for the provision of City services

**7. If the proposed rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity, the following explains why such duplicative or more stringent provisions are necessary:**

N/A

Date: May 12, 2009